HOUSING MARKET INFORMATION

RENTAL MARKET REPORT

Prince Edward Island Highlights*

CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: Fall 2012

Figure 1

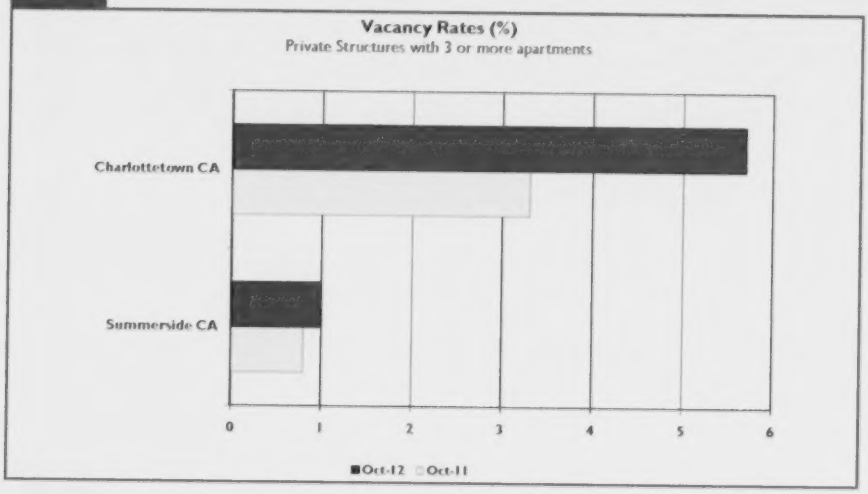
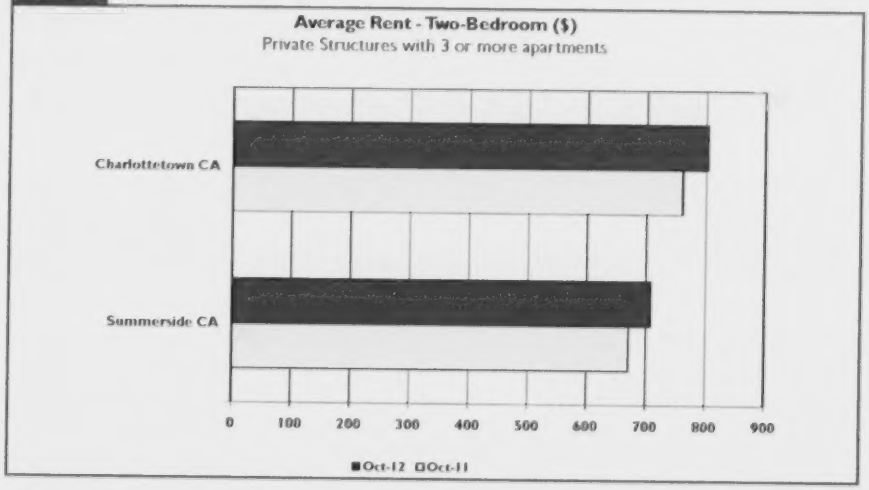


Figure 2



*Only centres with a population of 10,000+ are included in the survey.

Vacancy Rate Increases on Prince Edward Island

- The overall vacancy rate in Prince Edward Island's urban centres stood at 5.0 per cent in October 2012, up from 2.9 per cent a year ago.
- Charlottetown's vacancy rate in October 2012 was 5.7 per cent compared to 3.3 per cent last fall.
- Summerside's vacancy rate of 1.0 per cent was not statistically different from a year earlier.
- The average two-bedroom rent in Charlottetown was $803, compared to the Summerside average of $707.

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Overview

Canada Mortgage and Housing Corporation's 2012 Fall Rental Market Survey[1], which was conducted during the first two weeks of October, indicates that the overall vacancy rate in urban centres[2] of the province was 5.0 per cent in October 2012 compared to 2.9 per cent a year earlier. Charlottetown's vacancy rate increased to 5.7 per cent compared to 3.3 per cent last fall while Summerside's vacancy rate of 1.0 per cent, was statistically unchanged from a year earlier.

Vacancy Rate Trends

Despite strong population growth, the Charlottetown area recorded an increased number of vacant units in October as the supply of new units outpaced the increase in demand. Since the beginning of 2009, the Charlottetown area has added more than 1,000 new rental apartment units, which equates to an average annual production of 250 units for the four-year period. This level of construction is well above the ten-year average of 130 units annually and is equal to the total level of apartment construction during the previous 18 years. This increased level of construction pushed the vacancy rate up for apartment structures containing three or more units in the Charlottetown CA.

In Summerside, the level of construction of new rental projects was above average in 2010 and 2011 before declining significantly in 2012. The steadily growing population was able to generate sufficient rental demand to almost fully absorb the newly completed units of the past several years, with the October vacancy rate in the area remaining low at 1.0 per cent.

Average Rents

The average rent (based on structures common to both the 2011 and 2012 surveys)[3] for all bedroom types increased by 3.0 and 1.0 per cent in Charlottetown and Summerside, respectively, as compared to the same period last year. According to data collected in the 2012 survey, the average two-bedroom rent in Charlottetown was $803 per month, while in Summerside it was lower at $707.

Availability Rates

The availability rate in Charlottetown increased to 7.0 per cent in 2012 from last year's level of 4.5 per cent while in Summerside, the availability rate was steady at 1.0 per cent in 2012.

1 Based on privately-initiated rental apartment structures of three or more units.

2 Urban centres are defined as centres with a population of over 10,000. Census metropolitan areas (CMA) are based on Statistics Canada definition.

3 When comparing year-over-year average rents, the age of the building needs to be taken into consideration because rents in newly-built structures tend to be higher than in existing buildings. By comparing rents for units that are common to both 2011 and 2012 Fall rental market surveys, we can get a better indication of actual rent increases paid by most tenants.

Prince Edward Island Apartment Vacancy Rates
N
Summerside
1.0%
Charlottetown
5.7%
0
5
10
20
30
Km
Legend
1.0% 2012 vacancy rate for Summerside
Vacancy rate in 2012 the same as 2011
Vacancy rate in 2012 higher than 2011
Vacancy rate in 2012 lower than 2011

1.1.1 Private Apartment Vacancy Rates (%) by Bedroom Type Prince Edward Island

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-11	Oct-12	Oct-11	Oct-12	Oct-11	Oct-12	Oct-11	Oct-12	Oct-11	Oct-12
Charlottetown CA	2.3	4.2	3.6	3.8	3.0	6.2	5.3	9.2	3.3	5.7
Summerside CA	**	**	0.0	0.0	1.1	1.3	0.0	0.0	0.8	1.0
Prince Edward Island 10,000+	**2.0**	**3.7**	**3.3**	**3.5**	**2.7**	**5.4**	**3.9**	**6.7**	**2.9**	**5.0**

The following letter codes are used to indicate the reliability of the estimates:
a - Excellent, b- Very good, c - Good, d - Fair (Use with Caution)
** Data suppressed to protect confidentiality or data not statistically reliable.
n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

Please click Methodology or Data Reliability Tables Appendix link for more details

1.1.2 Private Apartment Average Rents ($) by Bedroom Type Prince Edward Island

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-11	Oct-12	Oct-11	Oct-12	Oct-11	Oct-12	Oct-11	Oct-12	Oct-11	Oct-12
Charlottetown CA	490	513	602	631	761	803	906	952	715	758
Summerside CA	522	540	524	534	671	707	714	735	655	687
Prince Edward Island 10,000+	**493**	**516**	**596**	**624**	**745**	**787**	**853**	**890**	**706**	**747**

The following letter codes are used to indicate the reliability of the estimates (cv = coefficient of variation):
a - Excellent ($0 \leq cv \leq 2.5$), b- Very good ($2.5 < cv \leq 5$), c - Good ($5 < cv \leq 7.5$), d - Fair (Use with Caution) ($7.5 < cv \leq 10$)
** Data suppressed to protect confidentiality or data not statistically reliable.
n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

Please click Methodology or Data Reliability Tables Appendix link for more details

1.1.3 Number of Private Apartment Units in the Universe by Bedroom Type Prince Edward Island

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-11	Oct-12	Oct-11	Oct-12	Oct-11	Oct-12	Oct-11	Oct-12	Oct-11	Oct-12
Charlottetown CA	155	151	1,138	1,163	2,697	2,893	226	235	4,216	4,442
Summerside CA	11	11	150	151	523	552	78	78	762	792
Prince Edward Island 10,000+	**166**	**162**	**1,288**	**1,314**	**3,220**	**3,445**	**304**	**313**	**4,978**	**5,234**

The following letter codes are used to indicate the reliability of the estimates:
a - Excellent, b- Very good, c - Good, d - Fair (Use with Caution)
** Data suppressed to protect confidentiality or data not statistically reliable.
n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

Please click Methodology or Data Reliability Tables Appendix link for more details

1.1.4 Private Apartment Availability Rates (%) by Bedroom Type Prince Edward Island

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-11	Oct-12	Oct-11	Oct-12	Oct-11	Oct-12	Oct-11	Oct-12	Oct-11	Oct-12
Charlottetown CA	5.3	4.2	4.7	4.3	4.3	7.9	6.2	9.2	4.5	7.0
Summerside CA	**	**	0.0	0.0	1.3	1.3	0.0	0.0	1.0	1.0
Prince Edward Island 10,000+	**4.7**	**3.7**	**4.3**	**4.0**	**3.8**	**6.8**	**4.6**	**6.7**	**4.0**	**6.1**

The following letter codes are used to indicate the reliability of the estimates:
a - Excellent, b- Very good, c - Good, d - Fair (Use with Caution)
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1.1.5 Private Apartment Estimate of Percentage Change (%) of Average Rent[1] by Bedroom Type Prince Edward Island

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-10 to Oct-11	Oct-11 to Oct-12	Oct-10 to Oct-11	Oct-11 to Oct-12	Oct-10 to Oct-11	Oct-11 to Oct-12	Oct-10 to Oct-11	Oct-11 to Oct-12	Oct-10 to Oct-11	Oct-11 to Oct-12
Charlottetown CA	1.2	3.0	2.2	3.0	2.4	2.9	4.9	4.1	2.6	3.0
Summerside CA	2.7	0.4	**	++	1.0	1.0	1.1	0.6	1.3	1.0
Prince Edward Island 10,000+	**1.3**	**2.6**	**2.1**	**2.8**	**2.2**	**2.7**	**4.2**	**3.5**	**2.4**	**2.7**

[1] The Percentage Change of Average Rent is a measure of the market movement, and is based on those structures that were common to the survey sample for both years.

The following letter codes are used to indicate the reliability of the estimates:

a - Excellent, b- Very good, c - Good, d - Fair (Use with Caution)

** Data suppressed to protect confidentiality or data not statistically reliable.

++ Change in rent is not statistically significant. This means that the change in rent is not statistically different than zero (0).

n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

Please click Methodology or Data Reliability Tables Appendix link for more details

TECHNICAL NOTE:

Difference between Percentage Change of Average Rents (Existing and New Structures) AND Percentage Change of Average Rents from Fixed Sample (Existing Structures Only):

Percentage Change of Average Rents (New and Existing Structures): The increase/decrease obtained from the calculation of percentage change of average rents between two years (example: $500 in the previous year vs. $550 in current survey represents an increase of 10 percent) is impacted by changes in the composition of the rental universe (e.g. the inclusion of newly built luxury rental buildings in the survey, rental units renovated/upgraded or changing tenants could put upward pressure on average rents in comparison to the previous year) as well as by the rent level movement (e.g. increase/decrease in the level of rents that landlords charge their tenants).

Percentage Change of Average Rents from Fixed Sample (Existing Structures Only): This is a measure that estimates the rent level movement. The estimate is based on structures that were common to the survey sample for both the previous year and the current Rental Market Surveys. However, some composition effects still remain e.g. rental units renovated/upgraded or changing tenants because the survey does not collect data to such level of details.

METHODOLOGY FOR RENTAL MARKET SURVEY

Canada Mortgage and Housing Corporation (CMHC) conducts the **Rental Market Survey** (RMS) every year in April and October to estimate the relative strengths in the rental market. The survey is conducted on a sample basis in all urban areas with populations of 10,000 and more. The survey targets only privately initiated structures with at least three rental units, which have been on the market for at least three months. The survey collects market rent, available and vacant unit data for all sampled structures.
The survey is conducted by a combination of telephone interviews and site visits, and information is obtained from the owner, manager, or building superintendent. The survey is conducted during the first two weeks of April/October, and the results reflect market conditions at that time.

CMHC's Rental Market Survey provides a snapshot of vacancy and availability rates, and average rents in both new and existing structures. There also exists a measure for the change in rent that is calculated based on existing structures only. The estimate is based on structures that were common to the survey sample for both the previous year and the current Rental Market Surveys. The change in rent in existing structures is an estimate of the change in rent that the landlords charge and removes compositional effects on the rent level movement due to new buildings, conversions, and survey sample rotation. The estimate of per cent change in rent is available in all Canada and Provincial Highlights publications, and also in the CMA reports (fall survey only). The rent levels in new and existing structures are also published. While the per cent change in rents in existing structures published in the reports are statistically significant, changes in rents that one might calculate based on rent levels in new and existing structures may or may not be statistically significant.

DEFINITIONS

Availability: A rental unit is considered available if the existing tenant has given, or has received, notice to move, and a new tenant has not signed a lease; or the unit is vacant (see definition of vacancy below).

Rent: The rent refers to the actual amount tenants pay for their unit. No adjustments are made for the inclusion or exclusion of amenities and services such as heat, hydro, parking, and hot water. For available and vacant units, the rent is the amount the owner is asking for the unit.

It should be noted that the average rents reported in this publication provide a sound indication of the amounts paid by unit size and geographical sector. Utilities such as heating, electricity and hot water may or may not be included in the rent.

Rental Apartment Structure: Any building containing three or more rental units, of which at least one unit is not ground oriented. Owner-occupied units are not included in the rental building unit count.

Rental Row (Townhouse) Structure: Any building containing three or more rental units, all of which are ground oriented with vertical divisions. Owner-occupied units are not included in the rental building unit count. These row units in some centres are commonly referred to as townhouses.

Vacancy: A unit is considered vacant if, at the time of the survey, it is physically unoccupied and available for immediate rental.

Definitions of Census Areas referred to in this publication are as follows:

A census metropolitan area (CMA) or a census agglomeration (CA) is formed by one or more adjacent municipalities centred on a large urban area (known as the urban core). The census population count of the urban core is at least 10,000 to form a census agglomeration and at least 100,000 to form a census metropolitan area. To be included in the CMA or CA, other adjacent municipalities must have a high degree of integration with the central urban area, as measured by commuting flows derived from census place of work data. CMAs and CAs contain whole municipalities or Census Subdivisions.

October 2011 data presented in this publication is based on Statistics Canada's 2006 Census area definitions. April 2012 data presented in this publication is based on Statistics Canada's 2011 Census area definitions.

Acknowledgement

The Rental Market Survey could not have been conducted without the cooperation of the rental property owners, managers, and building superintendents throughout Canada. CMHC acknowledges their hard work and assistance in providing timely and accurate information. As a result of their contribution, CMHC is able to provide information that benefits the entire housing industry.

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